

## Frequently Asked Questions Retirement Plan Enhancements



### Why are changes being made to the USG retirement plans?

At USG, we know how important it is for employees to prepare for retirement. We are committed to making sure our retirement plans provide a valuable, quality benefit to enhance your opportunities to save for your future. These changes will provide you with streamlined investment choices in the plans to help simplify retirement planning and decision-making. You will also benefit from lower administration and investment fees.

### What changes are occurring to USG's retirement plans in 2019?

Effective May 1, 2019, USG will be providing important enhancements to the University System of Georgia Retirement Plans, to simplify how you enroll in, invest and manage your retirement savings. In late spring, the individual 403(b) and 457(b) voluntary plans administered by each institution will be merged into one 403(b) and one 457(b) plan for all institutions governed by the Board of Regents. The Optional Retirement Plan (ORP), 403(b) and 457(b) plans will have consistent investment options across the plans, consistent provider options and a new fee structure.

### What are the specific enhancements that the new plans will have?

- There will be one 403(b) and one 457(b) plan for all institutions across the University System of Georgia.
- New investment options with each plan provider (Fidelity, TIAA and VALIC) have been selected based on performance and cost, resulting in an overall reduction of fees.
- There will be a consistent offering of providers -Fidelity, TIAA, and VALIC in each plan. TIAA will become the primary service provider for plan administration.
- A more focused selection of providers can make it easier for employees to make a well-informed decision.
- The following investment providers will no longer be available in the plan: Lincoln Financial Group, Primerica, MassMutual, AXA, Ameriprise, Peach State Reserves and

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USAA. (This list may not be all inclusive, if you have questions, please contact your local institution's HR/Benefits office). You will be able to keep existing assets with these providers, but will have to select new providers(s) and new investment options for future contributions.

- A new USG sponsored portal will allow for easy, online enrollment into the plan as well as easy access to update your contribution amount and change providers.
- There will be a new fee structure and enhanced fee transparency. Administrative fees will be reduced across all providers and will vary by provider. Beginning July 1, 2019 fees will be charged as a line item on your quarterly statements for each provider. Previously, plan fees were deducted from your investment earnings and did not appear on your statement.

### **When will the changes take effect?**

The retirement plan enhancements will take effect May 1, 2019, and the new USG-sponsored portal will be available July 1, 2019.

### **Will there be any changes to the amount of contributions made by USG to the Optional Retirement Plan (ORP)?**

The ORP employee and employer contributions remain unchanged. The ORP contribution amounts are reviewed each year and communicated prior to the beginning of the year. The contribution amounts for 2019 are:

- 6.00% employee contribution
- 9.24% employer contribution

### **Will there be any changes to the amount of contributions I can make to the 403(b) and 457(b) plans?**

You can continue to defer up to the maximum amount of contributions allowed by Internal Revenue Code on a pre-tax basis, Roth after-tax basis, or a combination of both. Please note the following:

- The 2019 contribution limit is \$19,000 to each supplemental savings plans.
- Any employee age 50 or older is eligible for an additional catch-up contribution of \$6,000 to each supplemental savings plans.
- The 3-Year catch up on the 457(b) will be available.
- The 15-year catch up election on the 403(b) will no longer be available.

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403(b) Elective Deferral	\$19,000	457(b) Elective Deferral	\$19,000
403(b) Age 50 Catch-Up	\$6,000	457(b) Age 50 Catch-Up	\$6,000

### Why was the new investment structure chosen and what does it look like?

The new investment structure is designed to offer you a wide array of investment options from leading fund managers, which are cost effective and provide a simple method for making decisions and categorizing the plan’s investment options.

The new structure will include the following four tiers:

#### **Tier 1: Allocation – Target Date Funds**

Target Date Funds are professionally managed funds designed for investors who prefer a single diversified fund. These options work by creating a complete investment portfolio within a single fund, based upon your expected date of retirement. The portfolio is regularly rebalanced and, as you move through your career toward retirement, automatically shifts to become more conservative over time.

#### **Tier 2: Passively Managed/Index Fund Options**

Passively managed funds are offered for participants who would like to construct and manage their own investment portfolios to meet their specific objectives. Passive management is designed to provide consistency of returns relative to a benchmark, at relatively low cost.

#### **Tier 3: Actively Managed Fund Options**

Actively managed funds are also offered for participants who would like to construct and manage their own investment portfolios to meet their specific objectives. Active strategies are designed to have the potential to generate above-market returns and reduce volatility as compared with their benchmarks.

#### **Tier 4: Self-Directed Brokerage Services**

For experienced investors seeking maximum flexibility, the USG Retirement Program offers a Self-Directed Brokerage “window” that allows you to select from a wide array of mutual funds for employee contributions. Investors may use this feature to add diversification above and beyond the core offerings. However, please note that some mutual funds offered through the self-directed brokerage window may have additional fees and/or expenses. It is your responsibility to determine if this option is appropriate for you and you need to monitor these

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investments over time and adjust your portfolio when necessary. Investments through a brokerage window are not reviewed by the USG.

### **What funds will be available after May 1, 2019?**

The new investment funds will be provided in the transition guide that will be available in early 2019.

### **What happens to my current balances and future contributions with Fidelity, TIAA and VALIC?**

Existing mutual fund balances and future contributions from May 2019 forward will be directed to comparable funds in the new investment lineup with your selected provider(s). These replacement options will be outlined in detail within the Transition Guide package that will be mailed to your home in January. If you prefer to make different investment choices, you can do so beginning in January through April 19, 2019.

### **What happens to my current balance and future contributions with Lincoln Financial, Primerica, MassMutual, AXA and USAA?**

If you have current balances at these eliminated providers, your assets will not be automatically directed to comparable funds in the new investment line-up. You will need to select a new provider and choose investments from the provider's investment options for contributions starting May 1, 2019. If you are currently contributing to an eliminated provider and do nothing, a new account will be opened for you and your future contributions starting in May 2019 will be directed to TIAA and invested in the target-date fund that most closely aligns with the date you turn age 65. Each individual situation is unique, and you should contact your current provider to confirm. If you would like to move assets from one of these providers, you will need to work with that provider to do so.

### **Will I be able to continue contributing to the Peach State Reserves 401(k)/457(b)?**

The Peach State Reserves 401(k)/457(b) plans will no longer be an option after May 1, 2019. If you currently contribute to the Peach State Reserves 401(k) or 457(b) plans, you must enroll with either Fidelity, TIAA or VALIC by April 19, 2019. If you do not select a new provider, your contributions to Peach State Reserves will stop with the first pay period in May, and a new account will not be opened for you at TIAA.

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### **The new fund options are very similar between the three providers under the new structure. How do I choose between providers?**

Selecting an investment provider is a personal choice. Even though the funds offered by Fidelity, TIAA, and VALIC are similar, their services and fees may vary. We recommend that you research all three providers to see which one best suit your needs.

### **Who can assist me with making investment choices?**

One-on-one counseling sessions will be available with Fidelity, TIAA and VALIC. In addition, the USG has partnered with CAPTRUST, a third-party investment advisory firm to offer individual investment advice counseling with an independent financial advisor. Beginning in mid-January 2019, CAPTRUST's independent financial advisors can help you understand the new investment options, review your current retirement investment strategy and assist you with choosing a new provider, if needed.

Also, mid-January of 2019, the USG will host group meetings at each institution, during which you will be able to ask questions and learn more. Watch for information about the on-campus meetings, as well as how to schedule an in person or phone appointment with a CAPTRUST, Fidelity, TIAA, or VALIC representatives. We also recommend that you consult your own personal tax or financial advisor before making any decisions about your USG retirement savings.

### **I have accounts/contracts with several providers. What do I need to be aware of?**

If you have investments with Fidelity, TIAA, or VALIC, you will need to make investment selections with each provider. If you do not make a selection by April 19, 2019, these investments will be directed, where available, to the new investment options offered in the USG retirement plan.

If you have investments with any other provider, you will no longer be able to make contributions to that provider and will have until April 19, 2019 to choose Fidelity, TIAA, or VALIC. If you take no action, your future contributions will automatically be directed to TIAA, and invested in an age appropriate Target date fund, based on the year closest to the year you will reach age 65. Review the transition guide, which will be available in early 2019, for more information on the impact to your various accounts and/or contracts.

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### **Frozen/Discontinued Providers**

**I have assets with a provider who will no longer be offered for the 403(b)/457(b) plans. What action do I have to take? What happens if I take no action?**

If you currently have assets with a provider who will no longer be offered, you have the following options:

- Elect to move your current account balance to one of the three providers offered under the plan, Fidelity, TIAA, or VALIC, and choose the new investment options for your current and future contributions
- Keep the current account balance with the discontinued provider and choose a new provider and new investment options for future contributions
- If you do not make an election, your future contributions will be sent to TIAA, and invested in a target date fund that coincides most closely with the year you will reach retirement age.

It is very important to review the new provider and investment options in addition to the fees for both your current balances and future contributions.

### **Will there be any changes to the Teachers Retirement System of Georgia?**

These changes only impact the USG retirement plans (i.e. the ORP, and the supplemental 403(b) and 457(b) plans).

### **Loans**

**What will happen to the loan I have at Fidelity, TIAA, or VALIC through my 403(b) or 457(b) plan?**

If you have a loan through a 403(b) or 457(b) plan with Fidelity, TIAA, or VALIC, you should continue to repay your loan as you do now. Loans are not available from the ORP.

### **Contact Information**

**Who do I contact with questions about these changes?**

If you have any questions about these changes to your retirement plan, please contact your Human Resources department or email [USG-Retirement@usg.edu](mailto:USG-Retirement@usg.edu). Information will also be available in December on the USG retirement website at [usg.edu/hr/benefits/retirement](http://usg.edu/hr/benefits/retirement) and via phone through TIAA and CAPTRUST.

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### What types of educational resources are available?

The following resources to help you prepare and understand the changes to the USG retirement plans:

- Employee group meetings.
- One-on-one counseling sessions with CAPTRUST, Fidelity, TIAA, and VALIC. Financial advisors and representatives will be available to answer questions about investment strategy, specific investments and transferring funds between providers.
- A Transition Guide will be mailed to all employees affected by the change in January 2019.
- E-mails will be sent throughout the year to provide additional details.
- The USG Retirement website, [usg.edu/hr/benefits/retirement](http://usg.edu/hr/benefits/retirement), will be updated throughout the transition and will provide you with the latest information, key dates, and action steps to take.